

**Reallocation Calculation Between Gas and Electric Divisions as Described in Data Response DTE-6-8(Common)**

Step 1: The accumulated deferred tax accounts are not broken down into gas and electric. To allocate the FAS 109 accounts the Company first allocated the deferred tax accounts between electric, gas and generation plant.

| G/L Account Number                                   | Account Description | Total Electric & Gas | Electric    | GAS         | Generation  | Gas Supply<br>Related |
|--|---------------------|----------------------|-------------|-------------|-------------|-----------------------|
| ACCUM DEF FIT - Accelerated Depreciation             |                     | (9,470,041)          | (6,183,436) | (3,286,605) | 0           | 0                     |
| ACCUM DEF FIT - Accelerated Amortization             |                     | 69,825               | 49,296      | 20,528      | 0           | 0                     |
| ACCUM DEF FIT - Pension FAS 87                       |                     | (1,073,510)          | (757,898)   | (315,612)   | 0           | 0                     |
| ACCUM DEF FIT - Percentage Repair Allowance          |                     | (505,404)            | (390,257)   | (115,147)   | 0           | 0                     |
| ACCUM DEF FIT - Retirement Loss                      |                     | (1,318,794)          | (898,959)   | (419,835)   | 0           | 0                     |
| ACCUM DEF FIT - Overheads                            |                     | (79,282)             | (68,339)    | (10,944)    | 0           | 0                     |
| ACCUM DEF FIT - Accrued Revenue                      |                     | (5,241,875)          | 0           | 0           | (3,700,764) | (1,541,111)           |
| ACCUM DEF FIT - Contributions In Aid of Construction |                     | 440,527              | 311,012     | 129,515     | 0           | 0                     |
| ACCUM DEF FIT - Generation Assets                    |                     | (2,338,571)          | 0           | 0           | (2,338,571) | 0                     |
| ACCUM DEF FIT - Other                                |                     | (421,535)            | 42,736      | (464,270)   | 0           | 0                     |
| ACCUM DEF SIT - Accelerated Depreciation             |                     | (1,525,065)          | (972,257)   | (552,808)   | 0           | 0                     |
| ACCUM DEF SIT - Accelerated Amortization             |                     | 13,454               | 9,498       | 3,955       | 0           | 0                     |
| ACCUM DEF SIT - Pensions FAS 87                      |                     | (214,718)            | (151,591)   | (63,127)    | 0           | 0                     |
| ACCUM DEF SIT - Percentage Repair Allowance          |                     | (152,829)            | (117,855)   | (34,774)    | 0           | 0                     |
| ACCUM DEF SIT - Retirement Loss                      |                     | (262,659)            | (179,032)   | (83,627)    | 0           | 0                     |
| ACCUM DEF SIT - Overheads                            |                     | (2,894)              | (2,495)     | (399)       | 0           | 0                     |
| ACCUM DEF SIT - Accrued Revenue                      |                     | (976,381)            | 0           | 0           | (689,325)   | (287,056)             |
| ACCUM DEF SIT-Contributions In Aid of Construction   |                     | 84,127               | 59,395      | 24,732      | 0           | 0                     |
| ACCUM DEF SIT - Generation Assets                    |                     | (486,131)            | 0           | 0           | (486,131)   | 0                     |
| ACCUM DEF SIT - Other                                |                     | (86,370)             | 8,139       | (94,509)    | 0           | 0                     |
| Total Deferred Taxes                                 |                     | (23,547,925)         | (9,242,043) | (5,262,925) | (7,214,790) | (1,828,167)           |

Step 2: The Company then calculated a percentage split of deferred taxes between gas and electric.

|                                 |              |      |
|---------------------------------|--------------|------|
| Total Electric Deferred Taxes   | (9,242,043)  | 64%  |
| Total Gas Deferred Taxes        | (5,262,925)  | 36%  |
| Total Electric And Gas Deferred | (14,504,968) | 100% |

Step 3: The FAS 109 accounts were then allocated to electric and gas using the above percentages

|   | Total       | Electric    | Gas         |
|---|-------------|-------------|-------------|
| 20-00-00-00-182-03-00 FAS 109 REGULATORY ASSET  |             | 11,642,128  | 11,642,128  |
|   |             | 64%         | 36%         |
|   | 11,642,128  | 7,418,364   | 4,223,764   |
| 20-00-00-00-253-00-00 FAS 109 REGULATORY LIABIL | Total       | Electric    | Gas         |
|   |             | (3,398,296) | (3,398,296) |
|   |             | 64%         | 36%         |
|   | (3,398,296) | (2,165,395) | (1,232,902) |
| 20-00-00-00-283-03-01 FAS 109 ACCTG FOR INCOME  | Total       | Electric    | Gas         |
|   |             | (2,669,761) | (2,669,761) |
|   |             | 64%         | 36%         |
|   | (2,669,761) | (1,701,171) | (968,589)   |

Step 4: Allocate the FAS 109 electric and gas amounts between federal and state. To do this, the Company used the deferred tax categories that originally used to calculate the FAS 109 balances.

| Allocation Split      | Federal             | State              | Total               |
|-----------------------|---------------------|--------------------|---------------------|
| - Cathodic Protection | (293,906)           | (63,898)           | (357,805)           |
| - Percentage Repair   | (505,404)           | (152,629)          | (658,033)           |
| - ACRS/MACRS Ret.     | (1,318,794)         | (262,659)          | (1,581,453)         |
| - Depreciation        | (11,178,928)        | (1,880,300)        | (13,059,228)        |
| - SFAS 87 Pensions    | (1,073,510)         | (214,718)          | (1,288,229)         |
| - Bad Debt            | 290,765             | 56,099             | 346,864             |
| - KESOP Comp          | 2,458               | 472                | 2,930               |
| - AFUDC               | (3,248)             | 0                  | (3,248)             |
| - Overheads           | (79,282)            | (2,894)            | (82,176)            |
|                       | <u>(14,159,850)</u> | <u>(2,520,527)</u> | <u>(16,680,377)</u> |
| Percentage Splits     | <u>85%</u>          | <u>15%</u>         | <u>100%</u>         |

Step 5: These percentages were applied against the electric and Gas splits.

20-00-00-00-182-03-00 FAS 109 REGULATORY ASSET

| Electric          | Federal          | State            |
|-------------------|------------------|------------------|
|                   | 7,418,364        | 7,418,364        |
|                   | 85%              | 15%              |
| <u>7,418,364</u>  | <u>6,305,609</u> | <u>1,112,755</u> |
| Gas               | Federal          | State            |
|                   | 4,223,764        | 4,223,764        |
|                   | 85%              | 15%              |
| <u>4,223,764</u>  | <u>3,590,199</u> | <u>633,565</u>   |
| <u>11,642,128</u> | <u>9,895,808</u> | <u>1,746,320</u> |

20-00-00-00-253-00-00 FAS 109 REGULATORY LIABILITY

| Electric           | Federal            | State            |
|--------------------|--------------------|------------------|
|                    | (2,165,396)        | (2,165,396)      |
|                    | 85%                | 15%              |
| <u>(2,165,396)</u> | <u>(1,840,587)</u> | <u>(324,810)</u> |
| Gas                | Federal            | State            |
|                    | (1,232,902)        | (1,232,902)      |
|                    | 85%                | 15%              |
| <u>(1,232,902)</u> | <u>(1,047,967)</u> | <u>(184,935)</u> |
| <u>(3,398,298)</u> | <u>(2,888,554)</u> | <u>(509,745)</u> |

20-00-00-00-283-03-01 FAS 109 ACCTG FOR INCOME TAXES

| Electric    | Federal     | State       |
|-------------|-------------|-------------|
|             | (1,701,171) | (1,701,171) |
|             | 85%         | 15%         |
| (1,701,171) | (1,445,995) | (255,176)   |
| <hr/>       |             |             |
| Gas         | Federal     | State       |
|             | (968,589)   | (968,589)   |
|             | 85%         | 15%         |
| (968,589)   | (823,301)   | (145,288)   |
| <hr/>       |             |             |
| (2,669,760) | (2,269,296) | (400,464)   |
| <hr/>       |             |             |